

Statement of Considerations

REQUEST BY ALUMINUM COMPANY OF AMERICA FOR AN ADVANCE
WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT
INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT
OF ENERGY CONTRACT NO. DE-AC05-84OR21400; SUBCONTRACT
NO. 86X-SU545C; DOE WAIVER DOCKET W(A)-95-044 [ORO-
617]

Aluminum Company of America (Alcoa) has made a timely request on behalf of itself and two subcontractors for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Contract No. DE-AC05-84OR21400; Subcontract No. 86X-SU545C. The scope of the work calls for the development of processes for forming aluminum auto parts to make the use of aluminum in the industry feasible and cost effective. Alcoa will be working with subcontractors CMI International, Inc. (CMI) and DBM Industries, LTD, (DBM) a wholly owned subsidiary of Alcoa. Both CMI and DBM are aware of this request for waiver and have consented to Alcoa requesting this waiver on their behalf. The work is sponsored by the Office of Advanced Transportation Materials.

The dollar amount of the subcontract is \$7,078,136 with Alcoa cost sharing \$2,123,441 or 30% of the subcontract.

Alcoa is a major world supplier of aluminum and the largest domestic primary aluminum producer. It has a history of investing its own resources to develop, test, manufacture and introduce aluminum processes and products to the marketplace. Products include flat rolled products, automotive parts and design services to the transportation industry. Alcoa Technical Center, a world-recognized light metals research facility, has conducted extensive research on the forming of aluminum automotive components and the application of such components in the transportation industry. Additionally, Alcoa maintains an automotive Patent Portfolio as a result of its research funded by Alcoa Worldwide Automotive Products. Therefore, Alcoa's experience and expertise will contribute substantially to commercialization of the inventions made under the subcontract.

Alcoa sells aluminum products worldwide to diverse markets including the automotive and transportation industry. Practically all products and services that Alcoa provides are sold in the commercial arena, with no significant amount being sold directly to the federal government. Considering its market position, it has a proven capability to commercialize the aluminum products developed under the subcontract.

If the requested waiver is approved, a patent rights clause embodying the standard DOE waiver terms and conditions, approved by Alcoa, including march-in rights, retention by the government of a license, preference for U.S. industry, and U.S. Competitiveness clauses will be included in the subcontract. The advance patent waiver will also contain a paragraph that limits Alcoa's ability to alienate waived rights. Specifically, Alcoa shall not transfer rights in any invention without prior approval of DOE. Also, should there be a change in ownership of Alcoa, rights in inventions will be

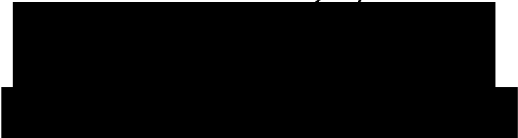
suspended until approval by DOE of the entity obtaining controlling interest having the waiver.

Alcoa agrees that any product, process or service used or sold by Alcoa or its affiliates embodying subject inventions must be manufactured, practiced or provided substantially in the United States, with the exception of the large casting done by DBM in Canada. Any license or other transfer in rights of a subject invention to third parties must be approved by DOE prior to any such transfer.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace, therefore there should not be undue market concentration of Alcoa products.


Grant of the requested waiver should serve as encouragement to other DOE subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the acceptable level of cost sharing by Alcoa and the objectives and considerations set forth in 41 CFR 9-9.109, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.


Katherine Lovingood
Senior Patent Attorney

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.


CONCURRENCE:


Thomas J. Gross
Deputy Assistant Secretary for
Transportation Technology

Date:

2/27/96

APPROVAL:


Paul Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date:

2-28-96